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FILE ONLY

Napan Is Suing The CIA Over Investing Deal

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SAN FRANCISCO — Napa attorney Robert W. Jinks has filed a \$5 million lawsuit against the Central Intelligence Agency claiming it should have told him the Hawaiian investment firm he dealt with was not backed by the government.

Between October 1982 and June 1983, Jinks invested more than \$500,000 of his own money and that of 14 other investors in a Honolulu corporation called Bishop, Baldwin, Rewald, Dillingham & Wong, Inc.

Bishop, Baldwin was forced into involuntary bankruptcy last August and two weeks later interim trustee

Thomas Hayes announced most of the \$10 million to \$12 million invested in the firm had been spent.

Jinks said in his suit, filed Monday in U.S. District Court, that he had numerous meetings with Ronald Rewald, a name partner of the corporation, in the presence of the CIA local director in Honolulu.

Jinks' attorney told The Register today that Jinks testified in a Securities Exchange deposition that he also acted as an agent for the CIA on two occasions.

He traveled to Hong Kong to investigate for the CIA whether bankers planned to invest elsewhere when Hong Kong's lease with Britain expired, attorney Rodney Klein said.

Jinks also accompanied Rewald when he interviewed an Afghanistan refugee following the Russian invasion, according to Klein.

Klein also said he had letters from Rewald to the CIA in which Rewald discussed his connection with the CIA and his request that the agency protect him from an IRS audit.

"Our cover will be blown" is what he said (in the letter)," Klein told The Register.

The Sacramento attorney also said he has documents that show the CIA paid Bishop Baldwin at least \$20,000 on a report for Hong Kong financing.

After Bishop Baldwin filed for bankruptcy, the CIA confiscated six packets of documents that Klein said probably contained information detailing the company's link with the agency.

During the meetings with the CIA and Rewald, Jinks said, he was assured a 20 percent return on his investments because the company was part of an undercover CIA operation.

Independent checks convinced Jinks the meetings — and the CIA officials' assurances of government backing — were legitimate, Jinks' attorney said.

"Jinks is confident that Bishop Baldwin was run by the CIA in order to infiltrate international banking operations in order to discover transfers of capital to and from communist countries," attorney Rodney Klein said. "If Bishop Baldwin was not a CIA operation, CIA agents were negligent in not telling Jinks."

He said the CIA agents had an "affirmative duty to not deceive" Jinks and the other investors into believing that their investments were backed by the full faith and credit of the United States.

"Plaintiff would not have invested in Bishop Baldwin if he had known that his investment was not guaranteed by the United States," Klein said.

The suit seeks \$5 million in general damages, restitution of each of the investors' principals and 20 percent interest a year for each deposit.

Napa County residents had invested approximately a half million dollars in Bishop Baldwin by Aug. 2 when the company was forced into bankruptcy.

Local residents began investing in the high flying firm in Oct. 1982 after Rewald developed an association with Jinks, who was managing a Napa investment group.

There were plans for Bishop Baldwin to open a Napa office, with Jinks acting as "senior consultant." The office was to offer tax and estate planning, investment consulting and planning.

The office never opened, but Jinks continued to channel money from his investment group to the Hawaii firm. If the office had opened, it would have been disastrous, Jinks told The Register in an Oct. 3, 1983 story. Napa County investments would have exceeded his ability to cover them, Jinks said.

Jinks has promised the Napa County investors that he will use his own assets to make up for their losses. Jinks gave his Silverado Country Club home to a local physician who had invested in Bishop Baldwin.

All his other personal assets are in the process of being distributed among those who took his advice to invest in Rewald's fraudulent firm.

The Bishop Baldwin bankruptcy occurred just as Jinks had leased his Silverado home and was preparing to move to Hawaii to become a full-time consultant for the firm.

Jinks was to help Rewald make real estate investments when the firm was promising a 20 percent return. Investigators now say that after three years of operation, the firm had made only a handful of investments.

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The operation was described by investigators as a classic Ponzi scheme where new funds are used to pay interest on old accounts. In the meantime, Rewald was spending up to a quarter million dollars a month to support his lavish lifestyle.

Rewald attempted suicide after his investment scheme was uncovered and was being held in an Hawaiian jail on \$10 million bail on two counts of theft by deception.

The case had involved investigations by the FBI, CIA, Internal Revenue Service and the Securities Exchange.

The company attracted mainly blue chip investors who were impressed with Rewald's expensive lifestyle. He was a friend of Hawaiian Governor George Ariyoshi, owned polo ponies and lived in a million-dollar house formerly owned by deposed Cambodian leader Lon Nol.

But it was Rewald's apparent connections with the CIA that was most persuasive, Jinks told The Register in the October story.

Investigators confirmed that Rewald was associated with the CIA. Agents from the CIA and FBI seized six packets of documents from Rewald's files.